



February 20, 2025

FY25 Mid-Year Update



FY25 Mid-Year Organizational Highlights

Fiber customer growth exceeding expectations

Water filters project on track and on budget

Awarded \$5M grant for natural gas steel main replacement

4,700 volunteer hours in 2024, achieving all-time record

100% generation flexibility under contract

TeenWork 30th anniversary

Hurricane Helene response

New Leadership Development Program class

FY25 Mid-Year Financial Highlights

- \$65.6M in earnings through December 2024
- Revenues forecast \$28M over budget
- Expenses forecast \$2M under budget
 - Energy costs \$15M over budget
 - PILOTs/Debt service \$7.5M under budget
 - O&M \$3.4M under budget
 - Capital \$1.4M under budget
- Anticipating need for additional appropriations for Electric
- \$111M in new bonds sold at lower than budgeted rates
- Strong Pension and OPEB investment returns in 2024

FY25 Budget Expenditure Variance

	Electric	Gas	Water	Wastewater	Fiber	Total
Purchased Energy/COGS	(\$15,713)	\$684	\$0	\$0	\$785	(\$14,244)
O&M	\$820	\$1,997	\$761	\$471	(\$610)	\$3,439
Capital	(\$1,912)	\$1,876	(\$755)	\$775	\$1,157	\$1,141
Debt Service	\$314	\$0	(\$37)	\$0	\$429	\$706
Loan to Fiber	\$4,000	\$0	\$0	\$0	\$0	\$4,000
Taxes & Equivalentents	\$3,604	\$1,800	\$1,273	\$8	\$147	\$6,832
Budget Variance	(\$8,887)	\$6,357	\$1,242	\$1,254	\$1,908	\$1,874

\$ in 000's () = Over Budget

FY25 Budget Revenue Variance

	Electric	Gas	Water	Wastewater	Fiber	Total
Sales Revenue	\$22,245	\$1,296	\$79	\$2,476	(\$161)	\$25,935
Other Revenue	\$1,578	(\$239)	\$765	(\$249)	\$19	\$1,874
Increase (Decrease)	\$23,823	\$1,057	\$844	\$2,227	(\$142)	\$27,809

\$ in 000's

() = Under Budget

FY25 Budget Net Cash Impact

	Electric	Gas	Water	Wastewater	Fiber	Total
Budget Revenue Variance	\$23,823	\$1,057	\$844	\$2,227	(\$142)	\$27,809
Budget Expense Variance	(\$8,887)	\$6,357	\$1,242	\$1,254	\$1,908	\$1,874
Increase (Decrease)	\$14,936	\$7,414	\$2,086	\$3,481	\$1,766	\$29,683

\$ in 000's () = Less Cash

FY25 Financial Metrics Forecast

Metric	Target	Electric	Gas	Water	Wastewater	Fiber
O&M	Budget or Less	✓	✓	✓	✓	X
Cash Generated from Operations	Budget or Greater	✓	✓	✓	✓	✓
Debt Service Coverage	Financial Plan Target or Greater	✓	✓	✓	✓	---

FY25 Organizational Metrics Forecast

Metric	Metric Component Performance				
Safety	✓				
Electric Reliability	✓	✓			
Century II	✓	X	✓	X	✓
Call Center Performance	✓				
Environmental Stewardship	✓	✓	✓		
Fiber Service	✓	✓			



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FY25 Strategic Initiative Electric System Strategy



FY25 Strategic Initiative: Develop Electric System Strategy

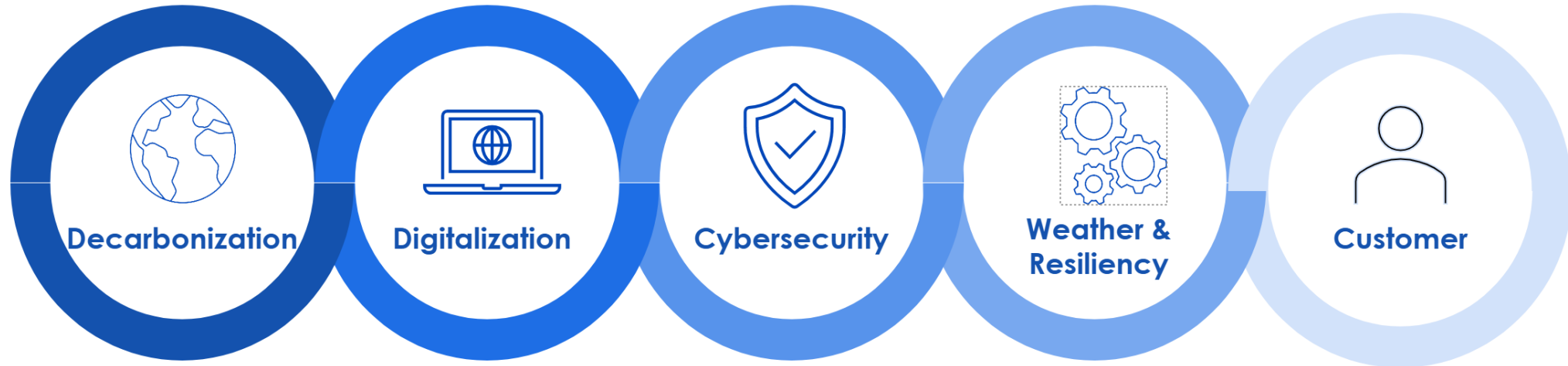
Develop a strategy for modernizing the KUB electric grid.

Building on investments already made in fiber and distribution automation, develop next-level strategies to modernize the KUB electric system by assessing and prioritizing new technologies and processes to improve system reliability, resiliency, and operational flexibility.

Develop a plan for utilizing the TVA flexibility allocation.

Develop a strategy to leverage the 5% flexibility provisions in the TVA Long Term Partnership Agreement and a plan for implementing it.

Electric Industry is Evolving



Decarbonization goals at local and global levels will require KUB to implement the policies, processes, and systems to proactively manage the delivery of energy in a safe and reliable manner with a more holistic perspective

Digitalization of KUB to support emerging technologies will require KUB to work collectively toward the achievement of a common set of prioritized goals and objectives regarding data, integrations, architecture, and technology

Cybersecurity risks and a shifting threat landscape will require that security is at the forefront of any corporate-level holistic digital utility strategy and roadmap

Extreme Weather Events and Grid Resiliency challenges due to a changing climate will necessitate KUB be able to protect energy infrastructure and ensure critical systems operations

Customers are increasingly reliant on power in their daily lives and have a greater span of influence than ever before

Evolving Landscape Demands Agility

- As the local utility, KUB is responsible for meeting our customers' energy needs, even amidst significant changes and new extremes.
- New technology has and will help KUB maintain high-quality services that are safe, reliable, and affordable.
- Strategic planning for modernizing our infrastructure and processes helps mitigate risks and maximize the benefit of new investment.

TVA sets new record to meet power demand for second straight year amid freezing temperatures



Daniel Dassow

Knoxville News Sentinel

Published 12:34 p.m. ET Jan. 22, 2025 | Updated 4:45 p.m. ET Jan. 22, 2025

LOCAL

What we know: TVA ordered rolling blackouts for the first time in 90 years amid freezing temps

Mariah Timms and Adam Friedman Nashville Tennessean

Published 5:27 p.m. CT Dec. 23, 2022 | Updated 1:11 p.m. CT Dec. 24, 2022

CLIMATE CHANGE AND ENERGY

How virtual power plants are shaping tomorrow's energy system

By orchestrating EVs, batteries, and smart home devices, VPPs can help make the grid cleaner and more efficient.

TVA unveils plans including more solar and gas to meet growing demand for energy



Anila Yoganathan

Knoxville News Sentinel

Published 5:29 a.m. ET May 12, 2023

Assessing the Industry

- Automated Circuit Reconfiguration
- Area Voltage Control (VVO/CVR)
- Customer Minutes of Interruption (CMI) Management
- Field Crew Efficiency
- Non-Wires Alternatives
- System Peak Management
- Grid Hardening
- Grid Monitoring

Grid Resiliency



- Customer Programs / Customer Engagement
- Standards and Processes
- Forecasting and Planning
- Maintain and Evaluate Charging Infrastructure
- Customer / Community Education

Electrification of Transportation



- Behind the Meter Services
- Customer Programs (e.g., Demand Response, TOU, Peak Management, DER Interconnection)
- Communications and Situational Awareness
- Customer Data and Analytics
- Awareness and Education
- Community Partnerships

Customer Experience



- DER Interconnection
- DER Management, Control, and Monitoring
- Transmission and Distribution Planning
- Awareness and Education
- Operational Impact
- Customer and Community Partnership

DER Enablement



- Data Readiness
- Data Analytics and Visualization
- Leverage AMI Data
- Leverage Data from Fiber
- Utility Network Model
- Data Governance

Data & Analytics



- Infrastructure
- Architecture and Integrations
- IT / OT Cybersecurity
- IT System Growth and Upgrades
- AMI Connect to Fiber

IT, Networking, & Cybersecurity



- Partner with Local Government to Align Goals
- Partner with Key Industry Groups
- Partner with Education Groups
- Customer Enablement

Community Carbon Reduction Goals



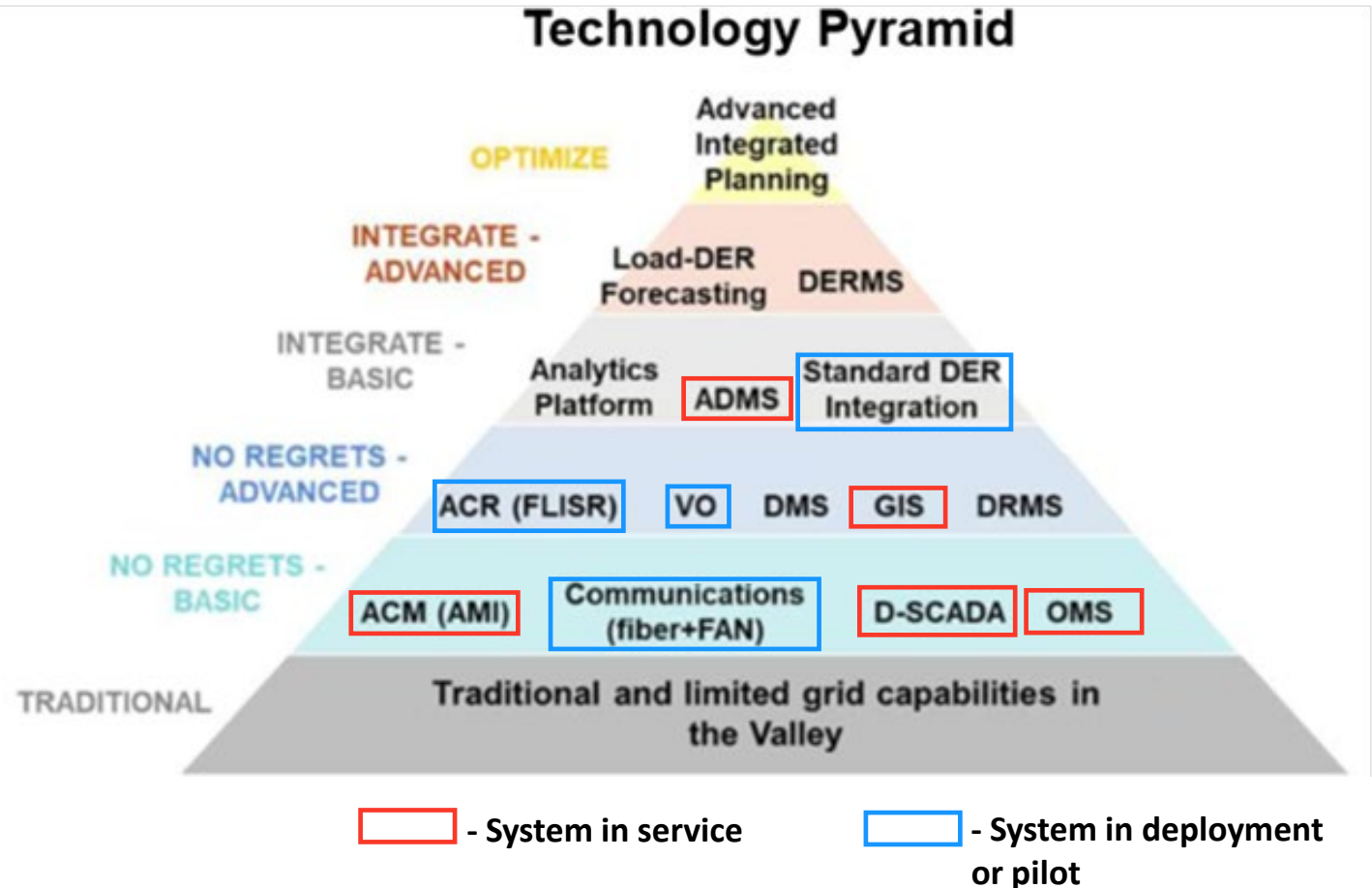
- Skill Enablement
- Employee Awareness
- Technology Training
- Operational Impact
- Organizational Alignment

Organizational Flexibility



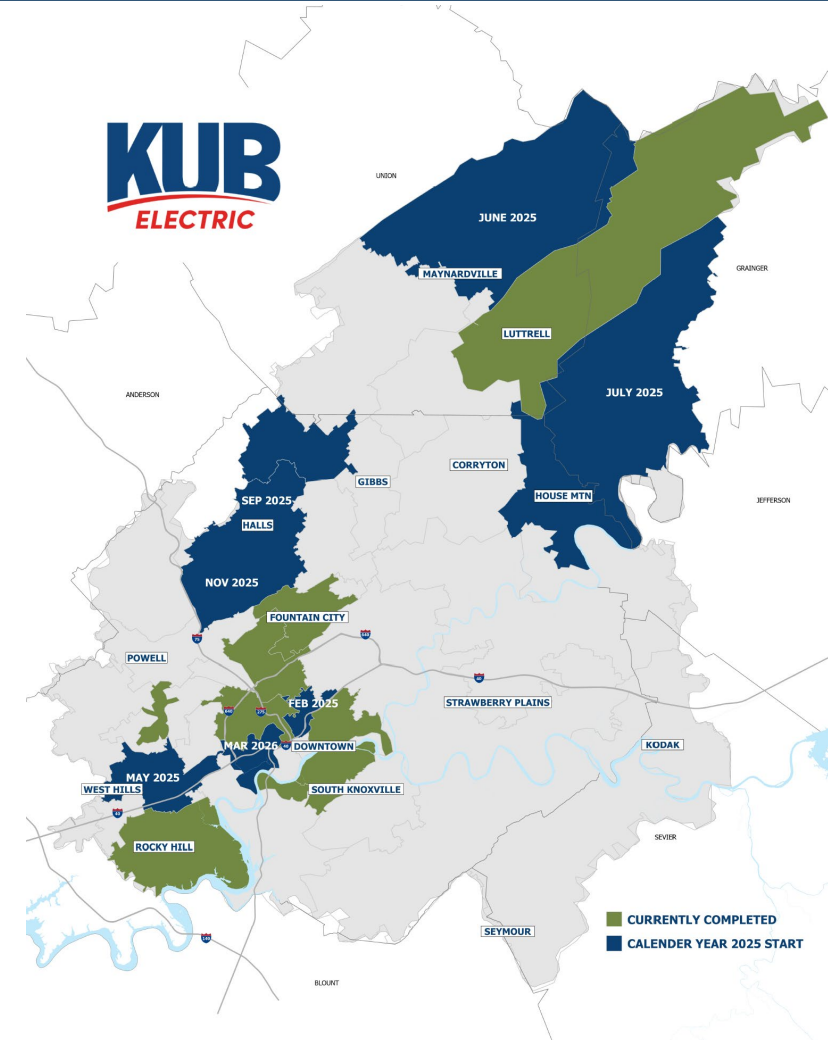
KUB Technological Journey

- Technology
 - Enables new capabilities
 - Increases system agility and operational flexibility
 - Peak load management
 - Dynamic grid operations
 - System resilience
- Investment in fiber enables new technologies



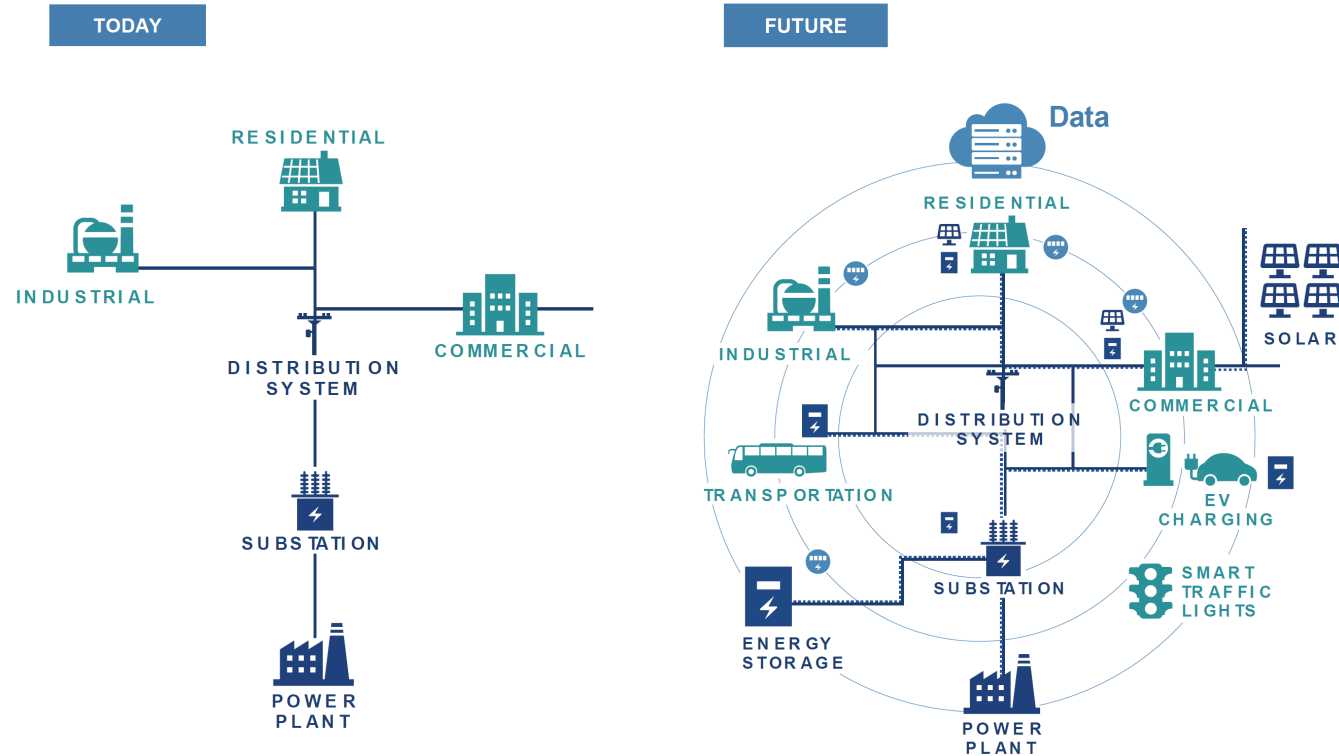
Self-Healing Grid Update

- FLISR – smart switches
- Units installed
 - FY25 – 83 of 144
 - Total – 239 of 1,200
- 63,000 customers protected
- Customer minutes of interruption prevented
 - FY25 – 3.4 million
 - Total – 28 million



Grid Resiliency & DER Enablement

- Battery storage
 - Enhances system reliability
 - Supports renewable integration
 - Reduces peak and demand cost
- Voltage optimization
 - Improves system efficiency
 - Reduces peak and demand cost
- Microgrid feasibility study
- Distributed Energy Resources (DER) Enablement
 - Connection standards
 - DER forecasting
 - DER impact studies



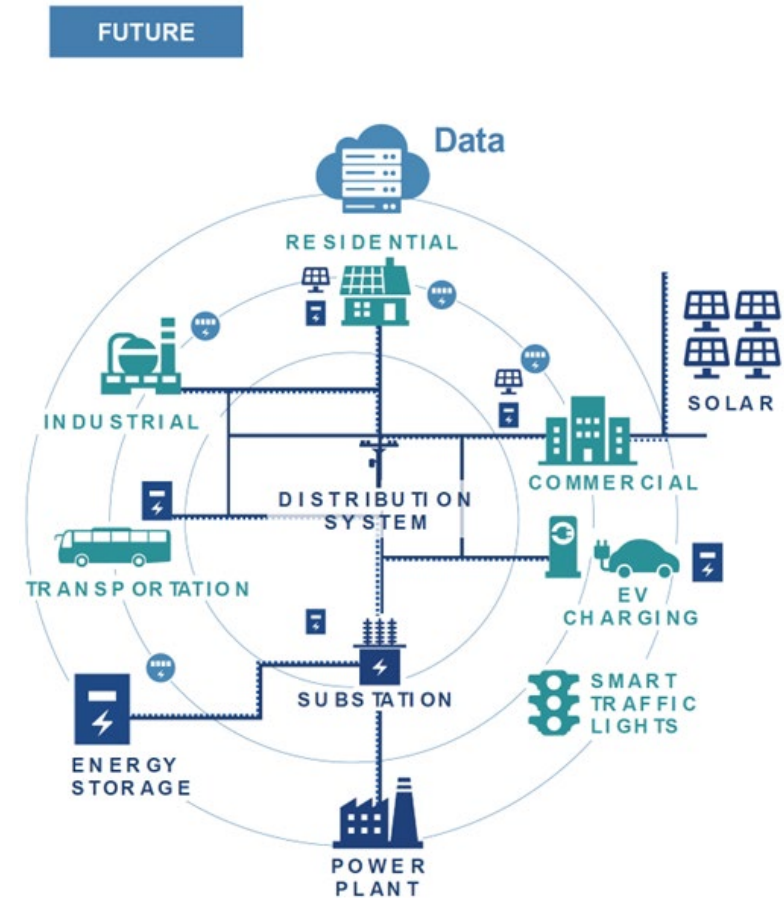
Transportation Electrification

- Developing an electric vehicle strategic plan
 - Projecting adoption rates and impact on our electric system
 - Fleet charging
 - Community charging
 - Residential/managed charging
- Developing a system hosting map
- Using meter data to identify existing EV's connected to our system



Collaboration & Next Priorities

- Ongoing collaboration
 - TVA
 - Local power companies
 - Industry research
 - EPRI, IEEE, ORNL
- Integrated planning and operations
- Capabilities gap analysis
- Pilot projects





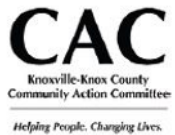
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Project Help Campaign Update



Many Ways to Contribute

- Annual campaign with local partners
- Recurring monthly pledge with bill payment
- One-time contributions
 - KUB.org – guest pay
 - KUB Connection newsletters and bill stuffers
 - Print and digital advertisements

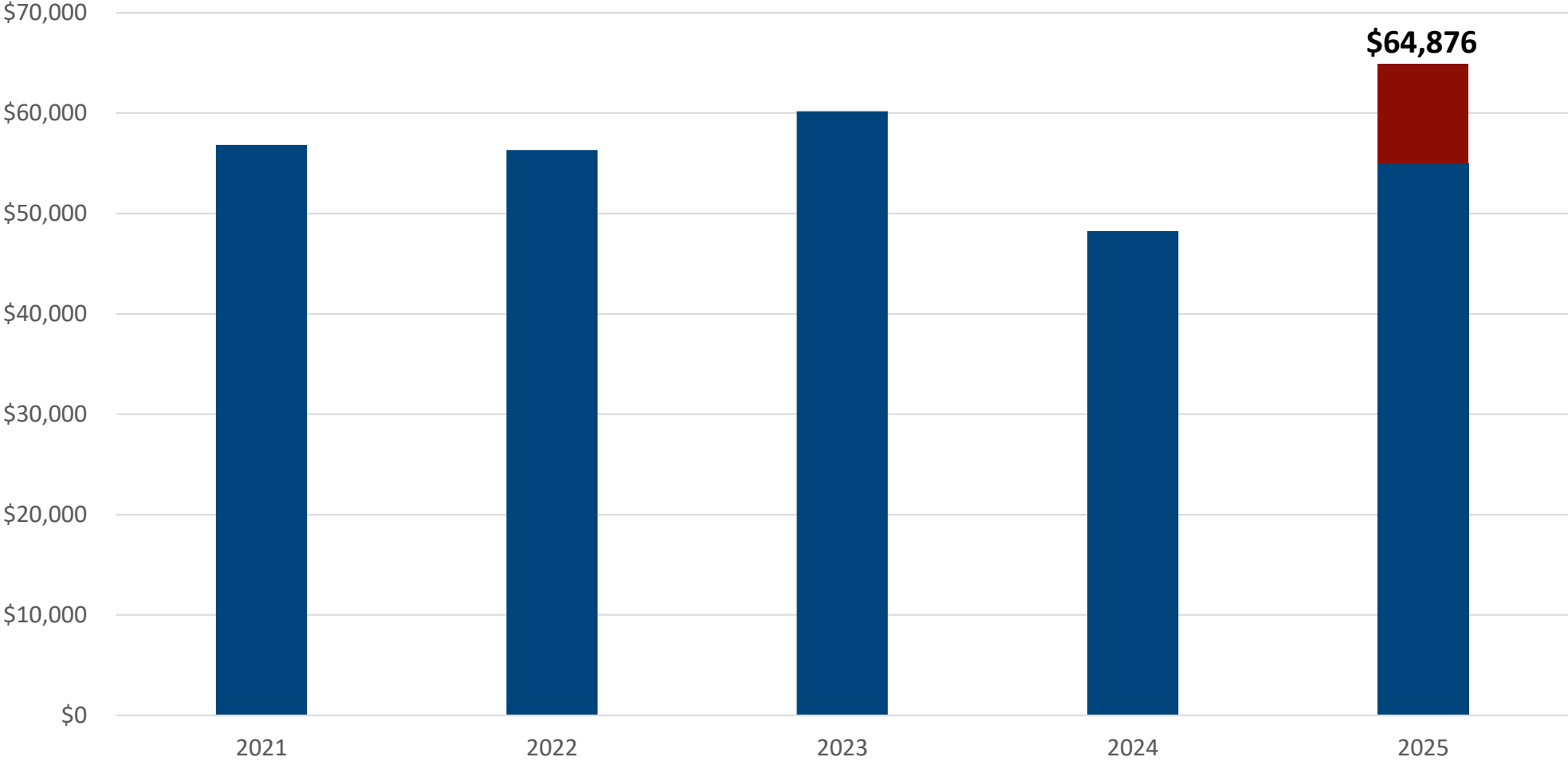


HELP YOUR NEIGHBORS
STAY WARM THIS WINTER

Learn more and donate at
www.kub.org/projecthelp

PROJECT HELP logo with tagline "SHARE & WAUNTEH"

Partnerships & Promotion Lead to Successful Campaigns



Over 1,900 Families Helped Since 2020

	2020	2021	2022	2023	2024
Families Assisted	476	624	225	276	312
Project Help Funds Distributed	\$233,718	\$371,484	\$96,397	\$142,957	\$199,811
Average Per Household	\$491	\$595	\$428	\$518	\$640

Project Help Makes a Difference

- 60-year-old woman shared she has never had to ask for help and is grateful to know that there are people willing to help others when they fall on hard times.
- A disabled young adult stated, “This helps me keep my kids warm at night, and my stress feels lifted.”
- A middle-aged mom shared “I wouldn’t know what to do without this help.”
- Woman experiencing difficult times stated, “For being here when people are down and out with no idea of how to get assistance, so they aren’t cold and in the dark, I thank you, and you are a blessing!”



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